

State of Washington  
Decision Package

**FINAL**

**Agency:** **540 Employment Security Department**

**Decision Package Code/Title:** **AB State Choice - UI Functions**

**Budget Period:** **2005-07**

**Budget Level:** **PL - Performance Level**

**Recommendation Summary Text:**

The Problem: The Resource Justification Model (RJM), a justification (supporting a request to Congress) and allocation model used by the U.S. Department of Labor since 2003, penalizes States that operate Unemployment Insurance (UI) programs at higher costs than other States. Low cost States, regardless of the quality of their programs, receive a higher percentage of funding, compared to their costs, than high cost States. Our State has not been able to compete effectively for federal funds under this model due, in large measure, to high cost administrative functions that are required by State statutes - but are not required by the federal government. The federal allocation of UI funds is insufficient to cover these costs.

The Solution: This decision package identifies a number of State-driven UI functions that are proposed to be funded by Reed Act funds instead of the federal UI grant in the amount of \$12,734,556. The inadequate federal funding for the UI program is forcing this State to either utilize the Reed Act funds available from the \$167 million allocation to the UI Trust Fund in March 2002 to cover these costs, or seek relief from State-imposed functions via elimination of the statutory requirements.

**Fiscal Detail**

**Operating Expenditures**

**Total**

**Package Description:**

The department proposes to shift State-imposed Unemployment Insurance functions to available funds transferred to the State Unemployment Insurance Trust Fund under provisions of the "Reed Act" (Title IX of the federal Social Security Act - as amended by Section 209 of the Temporary Extended Unemployment Compensation Act (TEUCA) of 2002). The appropriation for the federal UI funds is reduced by the same amount, making the net decision package financial impact zero.

The Resource Justification Model (RJM) was promoted to the States as the best opportunity to "justify" additional Unemployment Insurance grants- both to the Office of Management and Budget (OMB) and to Congress. In reality, despite the States justifying that \$200-\$400 million should be added, no increases in the federal unemployment insurance administration appropriations have been requested by the Executive Branch, nor authorized by Congress. Thus, under-funding of the national UI system remains and the RJM simply redistributes the inadequate funds among the States.

The allocation to the State of Washington from the RJM has consistently been less than the actual costs of administering the UI program- and is substantially less than the funding stream experienced before the implementation of the new allocation model. In both Federal Fiscal Years 2003 and 2004, the department leveraged other funds, cancelled projects and reduced discretionary spending in an attempt to sustain operations at acceptable customer service levels. In June 2004, we implemented a reduction-in-force to compensate for reduced workload and closed four satellite adjudication centers. The federal FY 2005 UI target allocation is again inadequate to sustain operations and other funds are no longer available to prevent serious disruptions in the UI system. Fundamental changes in funding strategies are necessary at the State level since we cannot assume that the federal method of UI administrative funding will provide relief.

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Our identification of state-driven UI functions within this decision package, for which we seek an alternate fund source, is not necessarily a judgment as to the value of the function itself. Many of these activities provide a valuable service to claimants or employers and their elimination would be detrimental to the State. But we simply cannot sustain operations beyond the level of reduced federal funding and so we must focus our energy on those activities that are federally mandated. This decision package supports activity A001 Administrative Overhead Costs and A007 Unemployment Insurance, Benefits, and Taxation.

The following table summarizes the state-driven functions that are targeted for the funding shift:

State-Choice Function Title	Impact on the UI Program
1. Monitoring Job Search	\$2,839,768
2. Relief of Benefit Charges	635,954
3. Alternate Base Year	1,423,864
4. Cancel Wage Credits for Gross Misconduct	1,136,754
5. Shared Work Program	1,016,300
6. Eligibility Based on Hours Worked	509,294
7. Tax Reports Filed on Paper	1,130,544
8. Registering All Claimants for Labor Exchange	677,440
9. Benefits for Temporarily, Totally Disabled Workers	512,186
10. Toll-Free Calls for Claimants	2,852,452
Totals	\$12,734,556

**State-Driven Functions - Descriptions and Current Funding Levels:**

**1. Monitoring Job Search**

Studies in the State of Maryland (and others) have shown that a program of closely monitoring claimant eligibility results in significant savings to a state's UI Trust Fund. The Job Search Review is state mandated (RCW 50.20.240) to ensure that claimants are complying with the legal requirements for a UI worksearch, are registered for work with their WorkSource office and are actively engaged in seeking work. Neither job search, nor job search monitoring is federally required. WorkSource Center staff review the Job Search Logs with selected claimants and provide re-employment services when possible. UI staff also conduct a verification with employers of a smaller sample.

If the claimant has not conducted an adequate job search, or fails to appear for the interview, another review is scheduled, this time for all weeks previously claimed. If the job search for all weeks is not adequate, or if the claimant fails to appear, the claimant is denied benefits for those weeks and an overpayment is established. Due to changes in the law that were effective in January 2004, it is too soon to analyze reliable data, but we project that we will identify over \$3 million dollars in overpayments each year, and ultimately collect over one third of those overpayments.

While part of this cost has been supplemented with previous Reed Act allocations, the remainder equals 22.05 FTE and \$1,419,884 per year; \$2,839,768 for the biennium..

**2. Relief of Benefit Charges**

Federal law requires that states have an experience rated system to calculate tax rates for employers. USDOL provides specific guidelines regarding how the states' experience rated system should work. They do not consider granting relief of benefit charges as a requirement for state's experience rating system. Washington law (RCW 50.29.021) requires ESD to grant relief of benefit charges in several circumstances.

Employers either pay taxes to support the unemployment insurance program, or they reimburse the Trust Fund for benefits we pay out. Taxable employers' rates are dependent on their experience with unemployment claims. This is determined by calculating the ratio of benefit charges to taxable wages.

An employer would not be charged for the benefits paid to their former employees if benefits are:

- (1) paid to any individual that is later determined to be ineligible;
- (2) if benefits are paid to a worker who received crime victim's or worker's compensation payments for a non work related injury;
- (3) if benefits are paid which represent the state's share of benefits payable as extended benefits;
- (4) if benefits are paid based on wages earned prior to the separation for quits and discharges;
- (5) if benefits are paid to workers who must quit their jobs in order to escape an abusive situation;

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- (6) if a voluntary quit is not attributable to the employer;
- (7) if a discharge is determined to be for misconduct or gross misconduct;
- (8) if a regularly scheduled part time worker who is concurrently employed with another employer during their base year is laid off from another employer;
- (9) or if benefits are paid to a worker who is unemployed as a result of closure or severe curtailment of operation at the employer's plant, building, worksite, or other facility due to a catastrophic event.

Cost: 5.39 FTE and \$317,977 per year; \$635,954 for the biennium.

**3. Alternate Base Year Claims**

In Washington, an unemployment insurance claim requires the claimant to have worked 680 hours in the regular base year (first four of the last five completed calendar quarters) to be valid. If the regular base year is less than 680 hours, Washington (RCW 50.04.020) offers the claimant an alternate base year (ABY - the last four completed calendar quarters). ABY claims are not a federal requirement. Washington employers have until the fourth week of the current quarter to submit the quarterly wage report for the previous quarter. It may take up to the seventh week of the quarter for the information to be entered into the system for use on an unemployment claim. For reports received late, it will take longer.

Intake agents have an extra process to follow to set up an ABY claim - the intake agent must change the Preliminary Monetary Screen to review the alternate base year for eligibility. If the wage information is there and it is determined the ABY claim may be valid, the agent must read a page from the Alternate Base Year Script to give the claimant the option of filing. During the process of entering the claim into the system, an additional screen must be accessed to enter the alternate base year option. An electronic desk aid must also be accessed which provides the steps for entering information for this process. Upon completion, a comment screen is accessed to provide written notes. When the quarterly report is not in the system, the intake agent must look up account numbers and review several screens. If there are more than two employers in the ABY quarter, they complete additional documentation, mail the ABY request letter to the employer(s), and explain special filing instructions to the claimant. Intake agents invariably receive follow-up phone calls from claimants to check on the status of their ABY claim.

When the employer returns the ABY request letter, Tax Specialists must enter the information in a special process, and later reconcile the wage information with the employer's wage and tax report.

Cost: 11.45 FTE and \$711,932 per year; \$1,423,864 for the biennium

**4. Cancel Wage Credits for Gross Misconduct**

The law (RCW 50.20.066) provides a more severe penalty for gross misconduct (a criminal act in connection with an individual's work for which the individual has been convicted in a criminal court or has admitted committing to a competent authority, or conduct connected with the individual's work that demonstrates a flagrant and wanton disregard of and for the rights, title or interest of the employer or a fellow employee) than for simple misconduct. In addition to the disqualification, a denial for gross misconduct shall have all hourly wage credits earned with the separating employer during the claimant's base year be canceled. Gross misconduct distinctions are not federally required.

Due to existence of the more severe penalty in state law, the U.S. Department of Labor requires that ESD make an additional employer contact when the Notice of Claim Filing is not returned or does not address gross misconduct. This necessitates making over 80,000 calls to employers each year to ask if gross misconduct was involved (ultimately to detect 60 claimants per year).

Cost: 8.25 FTE and \$568,377 per year; \$1,136,754 for the biennium.

**5. Shared Work Program**

Shared Work directly interacts with private business and state government to produce an option to laying off employees by providing partial unemployment benefits to workers whose hours have been reduced. By legislative intent (Chapter 50.60 RCW), the program focus is to prevent layoffs by directly assisting in the retention of an employer's skilled workforce at reduced hours during times of a temporary or general economic downturn, and to supplement the depressed purchasing power of employees affected by such downturn. Statistics show that in the first year following participation in the program, employers retained 81.6% of their Shared Work employees. This retention rate is 22% higher than employers as a whole. Preliminary findings indicate that the more an employer participates in the program, the more likely they are to stay in business. Shared Work employers do not have a negative impact on the UI Trust Fund. However, it is a labor intensive program, costing more to administer than traditional unemployment insurance. Shared Work programs are not federally required.

Cost: 7.88 FTE and \$508,150 per year; \$1,016,300 for the biennium.

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**6. Eligibility Based on Hours Worked instead of Wages Earned**

Only Oregon and Washington calculate unemployment insurance monetary eligibility based on hours worked, as other states use other options permitted by federal law. When filing a claim, the intake agent must look at every option; i.e. regular Washington claim (WA wages only), Combined Wage claim (wages from two or more states) or Interstate claim (one state only, not Washington). Because other states do not calculate unemployment claims using hours, this requires our agents to do manual calculations in order to explain all available options.

Washington law (RCW 50.04.030) means that employers are required to report hours and wages on their quarterly report. The tax requirements for reporting hours is complicated due to the various types of wages paid by employers (salary, hourly, severance, bonus, vacation, etc.) This often results in incorrectly reported hours and prevents the claim from being valid. The intake agent is required to initiate action to correct the hours. The process requires the intake agent to: (1) ask the claimant additional questions - rate of pay, hours worked, etc. (this often requires a lot of additional time, as the claimants do not always have the information readily available); (2) manually calculate the actual hours worked in each quarter, and (3) key additional information, including comments. They must then read additional advisements and instructions to the claimant. The claimant is then instructed to call back after all wages are received and the claimant receives a determination. Wage information from other states is transferred to Washington only when requested for use on a claim. Our computer system divides the wages by the federal minimum wage at the time the wages were earned to calculate hours. This process results in more hours being reported than actually worked if the claimant made more than the minimum wage. Claimants frequently call because they do not agree with the calculation of hours.

Cost: 4.27 FTE and \$254,647 per year; \$509,294 for the biennium.

**7. Tax Reports filed on Paper instead of Electronically**

Employer reports for taxes due and wages by individual wage earner are received either by electronic media or paper forms. The electronic data are migrated directly into the TAXIS database. Paper forms are reviewed, edited, and scanned through an optical character recognition process. The data capture is verified or corrected with direct keying of the tax and wage detail (for each employee) when necessary. The forms process is very labor intensive.

Employers currently have the choice of filing paper forms or filing electronically. Electronic filing has been an option for a decade and has become more popular with the ease of internet filing and web access. Information is processed quarterly for approximately 200,000 employers and over two and a half million employees. By the first quarter of this year almost half of all employers were filing electronically. More would do so if required by statute. There is no federal requirement that speaks to unemployment tax reporting, although the IRS requires electronic reporting of income taxes by large employers. (We understand that the Department of Revenue is pursuing request legislation to require more employers that are filing monthly to do so electronically).

During a recent 12 month period, 86,600 employers submitted paper reports, of which 70,000 employers had from 1 to 19 employees. While optimal savings would be realized if all employers were required to file electronically, analysis indicates that requiring employers of 20 or more employees to file electronically would reduce the Department's burden by about 18,000 reports each year, while only affecting about 4,500 employers. Realistically, requiring all-electronic reporting would in turn require a transition plan and funding for implementation.

Cost: 11.66 FTE and \$565,272 per year; \$1,130,544 for the biennium.

**8. Registering all Claimants for Labor Exchange**

Washington law (50.20.230) requires ESD to ensure that most claimants register for work in an electronic labor exchange system. When an Unemployment Insurance claim is filed, additional questions are asked solely to register the claimant for work. Related information gathered during the claim process is then transferred to another system that completes the registration for work. The questions that are asked solely for the registration purpose include "What is your highest level of education?", "Do you consider yourself disabled according to the Americans with Disabilities Act of 1990?", "Do you have a disability that is service connected?", "Are you a veteran of the US Military?", and "What was your primary occupation while working at (name of employer which has the most base year wages)?".

The first four questions require the agent to access a Help screen, select the appropriate code and enter it into the unemployment system. The last question regarding primary occupation requires a 9-digit code, which is much more time consuming to find than the two-digit code required by the U.S. Department of Labor.

Cost: 5.05 FTE and \$ 338,720 per year; \$677,440 for the biennium.

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9. Benefits for Temporarily, Totally, Disabled Workers

Not all states have a Temporary Total Disability (TTD) provision like Washington (RCW 50.06), as it is not a federal requirement. These unemployment

benefits are available to individuals who have suffered a job-related injury, or have been the victim of a crime, or have been temporarily totally disabled due to a non-work related injury or illness. They must have been disabled or have received time loss payments for 13 or more consecutive weeks. If an individual attempted to file a claim using the current base year available, there may not be any wages in that base year (first four of the last five completed quarters) as they may not have worked in the last several years. A TTD claim uses the base year that was in effect at the time of injury, or when time loss began.

The intake agent must ask the claimant if the injury was work-related, a non-work related injury or illness, or if they were a victim of a crime. They must also gather information regarding the length of disability, medical information and if time loss benefits were received. The intake agent must review additional information and explore the best option with the claimant, then complete an additional data screen.

Between four to eight forms will be mailed to the claimant for return to the TTD Unit in Olympia for further processing of their claim. Additional instructions must be given to the claimant regarding completion of the forms, filing of the weekly claims and an explanation of the TTD process. It may take several weeks for the TTD claim to be finalized.

Cost: 4.01 FTE and \$ 256,093 per year; \$512,186 for the biennium.

10. Toll-free Calls for Claimants

Not all states provide toll-free call service for filing initial claims and weekly claims like Washington does, as it is not a federal requirement. This is available to people calling from outside the free-calling areas surrounding Seattle, Tacoma, and Spokane (about 55% of all claimants, including all calls from out-of-state). The yearly cost of the toll-free calls for filing initial claims (and inquiry calls) is over \$620,000, and the yearly cost of the toll-free calls for filing weekly claims is over \$800,000. Provision of toll-free service is not required by state law, but was promised by the Department when the law (RCW 50.20.140) was changed in 1998 to permit claims via telephone. About 30% of all new claims and

about 30% of weekly claims are currently received via the Internet at no telephone cost, and the Department continues to encourage even more Internet claims in order to reduce costs, but we do not anticipate rapid change.

Cost: \$ 1,426,226 per year (no FTEs); \$2,852,452 for the biennium.

## **Narrative Justification and Impact Statement**

### ***How contributes to strategic plan:***

Goal: Provide required unemployment services with supplemented funding.

#### Incremental Changes:

##### Output Measures:

- Monitor Job Search Logs -- FY2006 49,000; FY2007 48,000
- Relief of Benefit Charges -- FY2006 72,000; FY2007 72,000
- Alternate Base Year Claims -- FY2006 30,000; FY2007 30,000
- Cancel Wage Credits for Gross Misconduct -- FY2006 60; FY2007 60
- Shared Work Program Plans (New, Modifications and Denials) -- FY2006 1,340; FY2007 1,340
- Shared Work Program weeks paid -- FY2006 50,000; FY2007 50,000
- Eligibility Based on Hours Worked instead of Wages Earned -- FY2006 320,000; FY2007 320,000
- Tax Reports filed on Paper instead of Electronically -- FY2006 350,000; FY2007 350,000

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- Registering all Claimants for Labor Exchange (not already in system) -- FY2006 250,000; FY2007 250,000

- Benefits Claims for Temporarily, Totally, Disabled Workers -- FY2006 4,000; FY2007 4,000

-Toll-free Calls from Claimants -- FY2006 5,460,000; FY2007 5,460,000

**Performance Measure Detail**

Activity: **A007 Unemployment Insurance, Benefits, and Taxation**

		Incremental Changes	
		<u>FY 2006</u>	<u>FY 2007</u>
1010	<b>Outcome Measures</b>		
	Average first pay timeliness of 90% within 14 days for unemployment benefits.	3.00%	3.00%

***Reason for change:***

This change is being driven by under-funding of the Unemployment Insurance program by the federal government.

Impact on clients and services (if alternative funding is provided that allows current functions to continue):

1. Monitoring Job Search:

The employer community insists on this verification of claimant availability for work. Claimants who fail to search for work, or are otherwise not available for work, are not entitled to benefits and will be denied. The integrity of the UI Trust Fund is dependent, in part, on this function. Some re-employment services are provided during the job search monitoring interviews.

2. Relief of Benefit Charges:

Claimants will not be affected, but employers will continue to perceive that their individual tax rates are determined fairly. Over 82,000 claims, involving more than \$257 million dollars each year, are granted relief from benefit charging, thus keeping employers' tax rates low.

3. Alternate Base Year Claims:

Unemployed persons without a long work history, or with interruptions, will continue to receive benefits soon after becoming unemployed (if otherwise eligible). This population makes up about 9% of all claimants - approximately 31,000 people, receiving benefits of more than \$57 million dollars, each year.

4. Cancel Wage Credits for Gross Misconduct:

About 60 claimants each year will be disqualified and would continue to lose their wage credits if unemployed due to Gross Misconduct connected to the work.

5. Shared Work Program:

Over 500 employers with over 5,000 workers would avoid the need to conduct layoffs by reducing hours instead.

6. Eligibility Based on Hours Worked instead of Wages Earned:

Some workers with extremely low wages will continue to qualify for benefits. Hours worked data will continue to be collected and used to determine eligibility for benefits.

7. Tax Reports filed on Paper instead of Electronically:

Employers can continue to report on paper if they choose to do so.

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8. Registering all Claimants for Labor Exchange:

All claimants would continue to be registered for job search in the electronic labor exchange system.

9. Benefits for Temporarily, Totally, Disabled Workers:

About 4,000 workers unemployed due to temporary disability would continue to be eligible for benefits.

10. Toll-free Calling for Initial Claims and Weekly Claims:

About 125,000 unemployed people would continue to file their claims via telephone at no cost.

***Impact on clients and services:***

No Impact

***Impact on other state programs:***

None

***Relationship to capital budget:***

None

***Required changes to existing RCW, WAC, contract, or plan:***

In the unfortunate event that adequate funding is not available, changes would be required to:

RCW 50.04.020 for Alternate Base Year claims;

RCW 50.04.030 for Eligibility Based on Hours Worked;

RCW 50.06 for Temporary Total Disability claims;

RCW 50.20.066 for Cancel Wage Credits for Gross Misconduct;

RCW 50.20.230 for Registering all Claimants for Electronic Labor Exchange;

RCW 50.20.240 for Job Search Monitoring;

RCW 50.29.021 for Relief of Benefit Charging; and

RCW 50.60 for the Shared Work Program.

New sections would be required for Tax Reports Filed Electronically and Toll-free calls for Claimants. New or revised WAC would be necessary in many cases.

In order to satisfy the federal requirements for an appropriation of Reed Act funds to the Employment Security Department, any appropriation of Reed Act funds in the appropriation bill should include proviso language such as:

"\$ x" is appropriated to the Employment Security Department from the Unemployment Compensation Administration Account - Federal, from funds made available to the State by Section 903 (d) of the Social Security Act, for "y purpose".

***Alternatives explored by agency:***

The Department is pursuing other alternatives to deal with the inadequate federal funding of the UI program, in concert with this proposal to change the fundamental funding strategy for State-directed functions.

We continue to work with the U.S. Department of Labor to modify and improve the Resource Justification Model, in the hopes that we can justify - and be allocated - federal funds to match the demands of the program. We will work to correct issues surrounding the treatment of state funds

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that support the federal UI program. (We have experienced a dramatic reduction in federal funding simply because state funds were utilized in FY 2003 to compensate for that year's federal shortfall).

We have placed a moratorium on the replacement of equipment that has not failed and are seeking Reed Act funds (in a separate decision package) to provide the resources for personal computer replacements that are required due to the state's implementation of Active Directory.

We are embarking on an agency-wide "sustainability review" to explore all alternatives that may result in the reduction of on-going costs for direct and indirect staffing and infrastructure that support the UI (and other) core programs.

We continue to work with both State and federal stakeholders to advocate for additional UI administrative funding as part of the federal budget.

Ultimately, we have no choice but to take action to contain charges to within the amount of the federal UI grant. Overspending the federal grant is not an option. The federal government issues obligational authority documents that limit the amount of cash that can be withdrawn from the federal accounts. The federal government will accept no liability for expenditures that exceed these limitations.

The option exists to make further reductions in those functions that are required by the federal government as part of the federal/state UI partnership and contained in the Social Security Act. Such reductions would affect the capacity of the department to collect employer taxes when due, make timely and accurate benefit payments, perform integrity functions - such as detecting and collecting benefit overpayments - and perform other functions that play an integral role in fulfilling the department's fiduciary responsibility over the UI Trust Fund. In addition to the negative consequences from taking such actions that would be felt by employers and claimants, the department would be subject to federal actions that could jeopardize administrative funding even further.

***Budget impacts in future biennia:***

Unless and until the underfunding of the federal UI program is resolved, or the department relieved of the requirement to perform the state-directed functions, the impacts indicated for the 05-07 biennium will continue indefinitely.

***Distinction between one-time and ongoing costs:***

These costs will be on-going.

***Effects of non-funding:***

**1. Monitoring Job Search**

The employer community demands monitoring of job search activities and would undoubtedly criticize cessation. Large employers and their representatives have been particularly vocal about the need for monitoring, citing the savings to the UI Trust Fund that result.

**2. Relief of Benefit Charges**

The total amount of benefits non-charged for 2003 is \$257,561,510. Employers who do not work to control their costs, who do not have good personnel practices, or who are in seasonal industries may already have the highest tax rates. Employers who work to control their costs by actively monitoring and requesting relief of charges will be most impacted by this change. Some types of business, such as agricultural employers, have a large amount of charges relieved due to their workers voluntarily quitting to take a job with another employer.

Without relief of charges, these employers would see a dramatic rise in their tax rate, which may in turn have a negative effect on the health of Washington's economy. This change would also have an impact on the employer representative community, as the bulk of their work is related to charging and non-charging of benefits. While the balance in the UI Trust Fund would be increased, highly vocal resistance would be anticipated.

**3. Alternate Base Year Claims**

Unemployed persons without a long work history, or with interruptions in their work history, would have to wait up to three months to establish a claim or not be eligible at all. This population makes up about 9% of all claimants - approximately 31,000 people each year. They would undoubtedly increase their use of public assistance and other social programs.

**4. Cancel Wage Credits for Gross Misconduct**



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About 60 claimants each year would be disqualified but would retain their wage credits if subsequently unemployed through no fault of their own. Employers, especially large employers and their representatives, have been adamant in demanding this provision in law.

**5. Shared Work Program**

Over 500 employers with about 5,000 workers would face the need to conduct layoffs. Many of these employers are large manufacturing employers who have pressured the Department to approve Shared Work agreements that help them to retain their employees.

**6. Eligibility Based on Hours Worked instead of Wages Earned**

A very few workers with extremely low wages may not qualify for benefits if claims are not based on Hours Worked. However, there would need to be a transition period, and savings would be reduced in the short term.

**7. Tax Reports filed Electronically instead of on Paper**

Some employers, especially small employers or those without computer resources, will object and may need to be exempted. Providing technical assistance to about 16,000 additional employers required to report electronically may require additional resources, offsetting some of the savings.

**8. Registering all Claimants for Labor Exchange**

WorkSource agencies would have to collect the information from job applicants. Some applicants would never respond and would not be connected to job openings, and most would suffer some delay in being called for job openings.

**9. Benefits for Temporarily, Totally, Disabled Workers**

About 4,000 workers unemployed due to temporary disability would not be eligible for benefits each year. Many would increase their use of public assistance and other social programs.

**10. Toll-free Calling for Initial Claims and Weekly Claims**

At least 125,000 unemployed people would have to pay long-distance charges to file their claims via telephone each year. Extended call waits during unemployment peaks would run up large long-distance costs for claimants, and cause severe dissatisfaction with state government.

***Expenditure Calculations and Assumptions:***

This decision package proposes to shift expenditures out of the Unemployment Insurance(UI) grant and into the Reed Act funding. Since both the UI grant and the Reed Act funds are in the same fund (119-2), the impact on the object of expenditures would be zero.